of such subjects as variations in the rate of exchange, the gold points, methods of quoting exchange, negotiation of bills of exchange, and arbitrage both simple and complex.

M. Faure's explanations consist principally in the working out of a large number of carefully chosen and simplified problems in practical foreign exchange. The book is an elementary arithmetic of the foreign exchanges rather than a book of principles. So well chosen, however, are the problems, and so accurately and clearly explained, that they afford a good insight into the superficial workings of the foreign exchange market, from the point of view of the business man.

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Principles de la Politique Régulatrice des Changes. By MAURICE ANSIAUX. Instituts Solvay. (Brussels: Misch et Thron. 1910. Pp. 259.)

The fundamental thesis of this book is that the exchanges ***need regulation.*** In its support the author devotes Part I to a criticism of the alleged classical dictum that the exchanges are self-regulative and that, consequently, governments and central banks may practice with reference to them the policy of laisser faire, laisser passer.

In substance his criticisms are: (1) that, granted the essential correctness of the classical theory, the normal readjustment between nations of prices and the quantity of money in circulation requires so much time for its operation that meanwhile bank reserves may be exhausted and their notes become inconvertible; (2) that the quantity theory which lay at the basis of their reasoning no longer is true if it ever was; and (3) that the classical theory itself is defective in that it fails to recognize as a contravention of natural law the regulation of the discount rates by central banks, which is the most effective means for the distribution of the precious metals between nations. M. Ansiaux claims that when the Bank of England, the Bank of France and the Imperial Bank of Germany change their rates of discount, they are not registering a change in the condition of the market as the thermometer registers the temperature, but that they are taking measures for the purpose of *influencing the market*—in other words, pursuing a policy for the purpose of *regulating* the exchanges.

In chapter 3, M. Ansiaux supports his thesis by considering the cases of countries with silver or paper standards. He analyses the movements of the exchanges in such cases and the mechanism by which they are effected and attempts to show that the fluctuations in the rates of exchange which the classical theory attributes to changes in the volume of the currency are frequently, perhaps usually, due to industrial, commercial or psychological causes, and that rarely, if ever, is its explanation of the way in which the exchanges are regulated correct.

Part II is devoted to a detailed discussion of the methods which are or may be employed for regulating the exchanges. In chapter 4 he treats manipulations of the discount rates, the most frequently used method, and in chapter 5 such other methods as the carrying of larger reserves by the banks of issue, the purchase and sale of foreign bills, and coöperation between central banks. In chapter 6 he discusses various methods of protecting a country's specie reserve, which are unusual in the sense that they are employed only by certain countries. In this connection he treates the *cours forcé*, practiced by Italy and Austria-Hungary; charging a premium on gold, occasionally practiced by the Bank of France; the placing of obstacles in the way of converting bank notes into gold, practiced in Russia and Germany; and in the way of the exportation of coin, practiced in Belgium and Switzerland.

Extra-monetary methods are treated in chapter 7 under the heads: the sale of government bonds and treasury notes on foreign markets; the exportation of stocks and bonds; syndicates of financial houses; the placing of obstacles in the way of the importation of foreign securities; the attraction of capital to domestic use, and the consequent prevention of its exportation; increase of the rate of interest on investment securities and the reduction of the premium on risks; reduction in the profits of foreigners; taxes on imports and stimulation of exports; attraction of foreign tourists; and the temporary emigration of laborers. The concluding chapter treats of methods applicable to a country with a depreciated standard.

Part II is by far the most valuable portion of the book. The analysis and criticism of the classical theory in Part I is thorough and fairly convincing, but it impresses one occasionally as hair-splitting. The authors criticised would doubtless have admitted

the correctness of many of M. Ansiaux's contentions, but would not have considered them as fundamentally out of harmony with their own views.

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